



127 Washington Ave., 4th Floor West | NORTH HAVEN, CT 06473 |
TEL: 203-848-6029 | FAX: 203-782-7755 | www.ctlodging.org



**Testimony of Chuck Moran, Chair of the Legislative Affairs Committee
of the Connecticut Lodging Association in Opposition to the Increase in
Minimum Wage (SB 387) before the Labor and Public Employees
Committee**

Thursday, January 31, 2013

Dear Senator Osten, Representative Tercyak and members of the Labor and Public Employees Committee,

The Connecticut Lodging Association stands in staunch opposition to the Raised Senate Bill 387 AN ACT INCREASING THE MINIMUM FAIR WAGE currently under consideration by the labor and public employees committee.

During the 2009 legislative session, the hotel industry suffered two serious economic blows:

1. Increase of the hotel tax to 15% (previously 12%)
2. Implementation of the Paid Sick Leave Act

Now, in these still troubled economic times, the legislature is proposing an 18% increase in the minimum wage over two years? An increase of the wage from \$8.25 to \$9.75 is unfathomable. How many employed workers are receiving a 9% increase in wages in the next year? Or even half of that?

And frankly this outrageous increase request seems to be a not so subtle negotiation ploy. If you are asking for an obscene increase, maybe there will be less opposition to a slightly less inflated increase? The answer to that question is no.

The lodging industry is facing the same financial concerns as the State of Connecticut. Is this how the State addressed its financial issues when dealing with the state employee unions? No, they went with wage freezes and lay-offs. Well the simple truth is:

If the minimum wage is increased, the hotel industry and many others will have to resort to layoffs as well.

Tourism is an essential economic driver for the well being of Connecticut that is attempting to recover from an extended economic recession and two years of non-existent state marketing. With the new marketing campaign still establishing a base, the 2012 hotel occupancy in Connecticut is DOWN 0.4% over 2011.

With this economic reality, any additional burden placed on the lodging industry will result in layoffs and in full-time positions being reduced to part-time positions. The industry and its employees from top to bottom experienced this as the economy dictated restructuring in order to remain viable. Many have not. There is evidence that an increased minimum wage in the current economic climate in Connecticut will be detrimental to employment overall. Attached you will find a link to testimony submitted to the U.S. House Committee on Education and the Work Force from the Public Policy Institute of California that includes a study that demonstrates **a 10% increase in the minimum wage results in an approximately 2% increase in welfare caseloads.** http://www.ppic.org/content/pubs/op/OP_1099JSOP.pdf

Given the continued struggle our state is in and the continued contraction of the labor force a minimum wage increase is clearly the wrong signal to send to employers and employees. Connecticut is already the least business-friendly state in the U.S. Additional costly regulations continue to dissuade investors and employers from locating in our state, despite aggressive efforts to attract and grow new business.

Thank you for the opportunity to address the Committee. I would be happy to reply to any questions you may have.

Chuck Moran, Chair of the Legislative Affairs Committee, Connecticut Lodging Association, 203-848-6029 office, CMoran@whghotels.com, email.